



# COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

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TO: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

FROM: KERRY BAILEY, CPA, CHIEF INTERNAL AUDITOR *KJB*

DATE: NOVEMBER 5, 2015

SUBJECT: REPORT OF THE ANNUAL FISCAL AND COMPLIANCE REVIEW OF ESTABLISHMENTS  
SUBJECT TO THE COUNTY TRANSIENT OCCUPANCY TAX ORDINANCE FOR CALENDAR  
YEAR 2014

## Purpose

The purpose of our review was to determine the accuracy of the Transient Occupancy Tax (TOT) and San Luis Obispo County Tourism Business Improvement District (SLOCTBID) assessment remitted to the County and to verify that the tax and assessment were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code. In addition, we verified the existence and posting of business licenses.

## Scope

We reviewed the monthly TOT returns submitted by five selected establishments in the unincorporated area of San Luis Obispo County.

## Methodology

We reconciled the amounts reported on the TOT returns to the establishments' financial books and records tracing total revenues reported, exemptions and deductions claimed, and tax remitted. We also tested samples of customer receipts by agreeing customer names, dates of stay and payment amounts to the operators' financial records. In addition we verified the existence and posting of business licenses.

## Results

We identified one establishment that understated revenue and two establishments that overstated revenue resulting in a total of \$797 in TOT, SLOCTBID, penalties and interest due to the County. A comprehensive schedule of monetary audit findings for the establishments is shown in the attached Summary of Monetary Audit Findings. We identified two establishments that did not post the business license in a conspicuous place.

Under separate communication to the Treasurer – Tax-Collector Division Manager, we previously issued individual reports for each establishment audited. These separate reports served to communicate our specific audit findings and recommendations. This report summarizes those findings.

**COUNTY OF SAN LUIS OBISPO  
CALENDAR YEAR 2014 - TRANSIENT OCCUPANCY TAX AUDITS  
SUMMARY OF MONETARY AUDIT FINDINGS**

ESTABLISHMENT *	PERIOD(S) AUDITED	TAXABLE REVENUES			AMOUNT DUE BY AUDIT FINDINGS			
		REPORTED	AUDITED	DIFFERENCE	TAXES/FEES DUE /(REFUND)	PENALTIES	INTEREST	TOTAL DUE/(REFUND)
1	2014	338,507	337,767	(740)	(81)			(81)
2	2014	51,874	50,842	(1,031)	(113)			(113)
3	2014	53,151	53,151	-	-			-
4	2014	34,570	40,560	5,990	659	132	6	797
5	2014	108,305	99,641	(8,664)	(953)			(953)
		\$586,407	\$581,961	(\$4,445)	(\$489)	\$132	\$6	(\$351)

\* Establishment names have not been included for purposes of confidentiality.

• Establishment did not have a business license or did not post their business license in a conspicuous place.

∞ No refund is recommended because the proprietor was unable to provide complete supporting documentation

NOTE: The Transient Occupancy Tax (TOT) rate for the period is 9% and the SLOCTBID rate is 2% for a total rate of 11%.